

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY CAIRO IMMEDIATE

C O N F I D E N T I A L STATE 133619

NODIS

E.O. 11652: GDS

TAGS: JA, PFOR, EG, XF

SUBJECT: JAPANESE AMBASSADOR'S MEETING WITH UNDERSECRETARY
SISCO ON MIDEAST DEVELOPMENTS

1. JAPANESE AMBASSADOR YASUKAWA CALLED ON UNDERSECRETARY
SISCO ON JUNE 6 FOR GENERAL UPDATE ON MIDDLE EAST DE-
VELOPMENTS. CONVERSATION CENTERED ON SALZBURG MEETINGS
BETWEEN THE PRESIDENT AND SADAT AND THE PROPOSED ECONOMIC
ASSISTANCE PACKAGE FOR EGYPT.

2. PREFACING HIS REMARKS WITH A WARNING AGAINST THE
UNDUE FLUCTUATIONS OF THE U.S. PRESS BETWEEN UNDUE
OPTIMISM OR PESSIMISM, THE UNDEFSECRETARY NOTED THAT
THE PRESIDENT AND SADAT HAD ESTABLISHED EXCELLENT PER-
SONAL RAPPORT AT SALZBURG. THE PRESIDENT HAD BEEN IM-
PRESSED BY SADAT'S STATESMANLIKE CHARACTER AND GRASP OF
ISSUES. SADAT HAD BEEN REASSURED BY THE PRESIDENT'S
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DETERMINATION NOT TO PERMIT EITHER STAGNATION OR

STALEMATE IN MIDEAST PEACE EFFORTS.

3. THE UNDERSECRETARY STATED THAT THE US HAD COME AWAY FROM SALZBURG WITH THE GENERAL IMPRESSION THAT "THE DOOR IS STILL OPEN FOR PROGRESS". WE HAVE NOT MADE ANY DECISION AS TO WHETHER THE INTERIM AGREEMENT OR GENEVA

CONFERENCE ROUTE WILL PROVE MOST FEASIBLE. THE US WILL HAVE A BETTER SENSE OF THIS FOLLOWING THE VISIT OF PRIME MINISTER RABIN TO WASHINGTON. WHILE CAUTIONING THAT WE ARE UNABLE TO POINT TO SPECIFIC CHANGES IN THE ISRAELI OR EGYPTIAN POLITICAL CLIMATE, THE UNDERSECRETARY DESCRIBED THE PRESENT ATMOSPHERE AS CAUTIOUSLY HOPEFUL.

4. ASKED TO ASSESS THE POSSIBILITY OF A NEW INTERIM EGYPTIAN-ISRAELI AGREEMENT, THE UNDERSECRETARY NOTED THAT THIS IS A POSSIBILITY BUT THAT IF THERE WERE NO NEW COINCIDENCE OF VIEWS, THE PARTIES WOULD PROBABLY MOVE TO GENEVA. HE NOTED THAT BOTH OPTIONS - STEP BY STEP AND GENEVA - REMAINED OPEN.

5. YASUKAWA THEN RAISED THE PROPOSED MULTILATERAL ECONOMIC ASSISTANCE PACKAGE TO EGYPT ON INSTRUCTIONS FROM THE FOREIGN MINISTRY. THE JAPANESE EMBASSY IN CAIRO HAD REPORTED THAT IN A MEETING WITH AN UNIDENTIFIED "JAPANESE POLITICIAN," FOREIGN MINISTER FAHMI HAD STATED THAT THE US AND EGYPT HAD AGREED IN SALZBURG ON THE SPECIFIC BREAKDOWN OF THIS PACKAGE. OUT OF TOTAL \$1.5 BILLION, THE US REPORTEDLY WOULD CONTRIBUTE \$500 MILLION, SAUDI ARABIA \$250 MILLION, IRAN \$200 MILLION, WEST GERMANY \$200 MILLION, JAPAN \$200 MILLION, WITH THE REMAINDER COMING FROM WEST EUROPE AND OTHER OIL PRODUCING COUNTRIES.

6. THE UNDERSECRETARY STATED THAT DISCUSSIONS WERE IN FACT IN TERMS OF AN OVERALL \$1.5 AMOUNT. HOWEVER, THE US HAD NOT ENTERED INTO ANY AGREEMENT THAT \$200 MILLION WAS THE AMOUNT JAPAN WAS EXPECTED TO COMMIT. WE ARE IN NO POSITION TO COMMIT JAPAN, ALTHOUGH IT IS OBVIOUSLY OUR HOPE THAT JAPAN WILL COMMIT AS GENEROUS AN AMOUNT AS POSSIBLE SINCE THE EGYPTIAN NEED IS GREAT.

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7. THE UNDERSECRETARY EXPLAINED THAT THE PRIMARY PURPOSE OF THE PROPOSED ASSISTANCE WAS TO HELP EGYPT THROUGH ITS PRESENT FOREIGN EXCHANGE DIFFICULTIES. THIS WOULD BE BUDGETARY SUPPORT RATHER THAN PROJECT AID. WHILE THE OVERALL TOTAL OF \$1.5 BILLION WAS ACCURATE, THE US WAS PLANNING TO CONTRIBUTE \$250 MILLION AND HOPED BOTH SAUDI ARABIA AND IRAN COULD CONTRIBUTE SIMILAR AMOUNTS. IN

ADDITION TO JAPAN, WEST GERMANY AND KUWAIT HAD BEEN CONTACTED IN REGARDS THIS PROPOSAL. WEST GERMANY HAD ALSO BEEN ASKED TO APPROACH THE EC ON THIS MATTER. THE US EXPECTED THE WORLD BANK TO PLAY A MANAGERIAL ROLE IN PROMOTING EGYPTIAN FISCAL EFFICIENCY, WHICH THE BANK WAS PREPARED TO DO ON INVITATION FROM THE EGYPTIANS.

8. YASUKAWA EXPLAINED THAT THE GOJ WAS STILL STUDYING THE PROPOSAL. THE UNDERSECRETARY EXPRESSED THE HOPE THAT THE GOJ "WOULD DO THE BEST IT COULD." HE REGRETTED THAT THIS CONFUSION REGARDING THE PROPOSED ASSISTANCE PACKAGE HAD ARISEN AND URGED THE AMBASSADOR TO CONTACT HIM SHOULD ANY MORE QUESTIONS ARISE.

9. COMMENT: SISCO DID NOT INDICATE ANY SPECIFIC FIGURE THAT WAS EXPECTED FROM JAPAN, SINCE IT IS CLEAR FROM EMBASSY CAIRO REPORTS THAT THE PROBLEM OF THE OVERALL AMOUNT AND PROSPECTIVE INDIVIDUAL COMMITMENTS NEED FURTHER CLARIFICATION WITH THE EGYPTIANS. THIS WILL BE REVIEWED FROM HERE PROMPTLY, WITH A VIEW TO DETERMINING HOW BEST TO CLARIFY SITUATION.

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